

From: Black, Conrad M  
Sent: May 1, 2003 11:13 AM  
To: Marie-Josée Kravis  
Cc: jthompso@winston.com; rburt@diligencellc.com; phealy@hollinger.com  
Subject: RE:

Dear MJ,

I will commission just such a memo and try to have it in the hands of the Audit Committee members early next week. Regards, CONRAD

-----Original Message-----

From: Marie-Josée Kravis [mailto:KravM@KKR.com]  
Sent: Thursday, May 01, 2003 9:51 AM  
To: 'Black, Conrad M'  
Subject: RE:

Conrad,

Let me suggest once again that directors be given an "issue and answer" memo so that we can all be comfortable we know the facts and are up-to-date on the questions being raised. I am not suggesting that directors engage in discussions with the press or with analysts-- on the contrary-- but I would feel better if we were all on the same song sheet. MJ -----Original Message-----

From: Black, Conrad M [mailto:CBlack@Poststamp.net]  
Sent: Thursday, May 01, 2003 2:52 AM  
To: Rick Burt; kravm@kkkr.com; jthompso@winston.com  
Cc: DColson@hollinger.com; phealy@hollinger.com  
Subject: RE:

My dear colleagues,

I will do the necessary to set up such a call as Rick suggests next week. By then I will have had a come-to-Jesus meeting with Christopher Browne, and, I hope, if you will all pardon the clumsy mixing of metaphors, brought him and his firm back on to the reservation. I will also have finished a thorough debriefing of Forbes Magazine, which thought it was on to a hot story, but is at least flirting with the possibility that the story is not our behavior but the cabal that formed to assassinate our reputations. As we all know, the working press is always dodgy, but I think we have at least started to turn the public relations corner on this one. What started out as an attempted public relations Pearl Harbor was intercepted in mid-ocean after the nonsense in the London Sunday Times and the ostentatious display of gullibility by the Jefferies analyst, whom I shall reorient this afternoon. I think the enemy can be fairly well demotivated, and may even submit to the grace of conversion, by the annual meeting. Let us aim at reviewing matters with Gordon in about a week. As I wrote, we will go to unheard-of lengths to ensure that you are spared any embarrassment, and none of us has anything to be embarrassed about. Best wishes, CONRAD

-----Original Message-----

From: Rick Burt [mailto:RBurt@DiligenceLLC.com]  
Sent: Wednesday, April 30, 2003 11:22 AM  
To: Black, Conrad M  
Cc: kravm@kkkr.com  
Subject: RE:

Dear Conrad,

Many thanks for your e-mail of 30 April: Your strategy is exactly right- we need to nip its business in the bud, and your suggestions re Gordon Paris appear sensible. Perhaps the Audit Committee, you and Gordon should get on a conference call in the near future, not to wring our hands but to identify the chief issues that are now under public

discussion and to discuss how best to defuse them.

Warm regards,

Rick Burt

-----Original Message-----

From: Black, Conrad M [mailto:CBlack@Poststamp.net]  
Sent: Wednesday, April 30, 2003 1:02 AM  
To: kravm@kkr.com; rburt@diligencellc.com  
Subject: FW:

Dear Marie-Josée and Rick,

Gordon Paris is the new director who qualifies as a financial expert and knows the company well. This practice of certain of the institutions holding hands with elements of the competing press and representing us as nest featherers suffering from financial strain should be rebutted. You will see from the attached letter my opening gambit in this effort. I know these Tweedy Browne people fairly well; they are self-righteous but not dishonest and it should be possible to defuse this. I will take on the task of hosing down shareholders in need of it as a matter of some priority. We don't want a large institutional shareholder like Tweedy Browne flapping about in such an agitated and indiscreet state. I will certainly go to great lengths to prevent you being subjected to any embarrassment. I will send this to Jim Thompson tomorrow and keep you all generally advised of developments. The condition of the company and its affiliates is quite positive and there is no justification for either the sanctimony or hysteria that has been confected and orchestrated. Do please let me know if you have any concerns. Regards,  
CONRAD

> -----Original Message-----

> From: Black, Conrad M  
> Sent: Wednesday, April 30, 2003 12:37 AM  
> To: 'phealy@hollinger.com'  
> Cc:  
> 'DColson@hollinger.com'  
> Subject:

> Dear Paul,

> On reflection, considering the proportions of the calumnies being  
> uttered about us, and about me in particular, I decided that some  
> remedial action had to be taken. So I determined that I would invite  
> Gordon Paris to receive concerns from shareholders on the subject of  
> management fees and related matters, conduct arms-length research on  
> these matters, and after carefully hearing us out as well, make  
> recommendations to his fellow directors on the Audit Committee, when  
> he shall have been elected a director and member of that committee. He  
> said that he would be prepared to do that, it being understood that he  
> might recommend a reduction. I assured him that he could recommend  
> whatever he wanted as long as he assured me that he would take our  
> views fully into account and suggest what he thought was fair and not  
> be spooked and stampeded by restive and over-bearing institutions, who  
> would like us to work pro bono while they forced a sale of the  
> company. Gordon's recommendations, if accepted, would take effect next year.

> I also determined that I would be prepared to make public my  
> undertaking to Southeastern of last August, that if, three years from  
> then, there was no appreciable progress toward the share price  
> reflecting the real underlying value of the assets, we would consider  
> their suggestion about the super-voting shares, as well as a menu of  
> other radical alternatives, including a partial or comprehensive liquidation.

> I assume Gordon will ultimately suggest a reduction of the  
> management fee. I doubt that that will help the share price at all,  
> but I am confident that we could endure such a thing and have many  
> methods of helping HI cope with it, including raising the HII

> dividend, which we have all agreed we should do anyway, and providing  
> further assistance from Ravelston. The Jan Loeb (Jefferies) theory  
> that any reduction in the management fee will quickly lead to the  
> collapse of the whole ownership structure, is nonsense, as I will tell  
> him when I see him on Thursday, and must be debunked. In fact, we will  
> have no difficulty sustaining the present arrangements on a lower fee, should that be  
> necessary.

> I further decided to initiate this peace offensive with Tweedy  
> Browne, which appears to be the ringleader, and telephoned Christopher  
> Browne. I couldn't face the thought of dealing with that belligerent  
> robot, Laura Jereski. Christopher called me back quite promptly and we  
> had a perfectly civilized and constructive conversation. They have  
> clearly sailed off the charts in their imputation of outrageous  
> motives to us. Christopher thought that HII had undertaken to maintain  
> payments to HI at a certain level and that the change of ownership  
> event of default in the HII notes was a poison pill inserted by us. I  
> set him straight on these absurd  
> (paranoiac) points. I summarized the Gordon Paris mandate and the  
> Southeastern discussions from last summer, and effected a preemptive  
> strike on the Jefferies theory of the imminent unraveling of Ravelston by  
> pointing out that the amount of money the owners of that company have  
> received in the last five years, which Laura never ceases to bewail to the  
> competing press, is greater than the entire debt and Preferred share  
> issuances of Hollinger Inc. Obviously, we could clean this up from our own  
> resources if we wanted to, though under no scenario will that be  
> necessary. We left it that Christopher would call me back this week,  
> before I have left New York, setting out their questions. It is a start.  
> This is a nonsensical state of affairs that should not be allowed to  
> fester.

> I am hopeful that over the next few months we will have these  
> shareholder issues in hand, a rising dividend, monetization of the  
> remaining CanWest notes, good fiscal news, continuing share cancellations,  
> and a generally benign sequence of events which will induce a stock price  
> rise and put the whole subject of relations with the more obstreperous and  
> indiscreet institutional shareholders on a comprehensively new footing.

> I intend to address these shareholders' sensitivities in a thorough  
> but conciliatory manner at the annual meeting. Regards, CONRAD